PROFIT

Promoting Financial Investments and Transfers to Involve the Commercial Sector in Family Planning

Suite 601
1925 N. Lynn Street
Arlington, Virginia 22209

Telephone: (703) 276-0220
Facsimile: (703) 276-8213

Indonesia Midwives Loan Fund: Management Perspectives after Two Years' Experience

by
Grace Chee

September 1997

Submitted to
USAID/Office of Population
Family Planning Services Division

Contract No.: DPE-3056-C-00-1040-00

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu International
in association with:
Boston University Center for International Health
Multinational Strategies, Inc.
Development Associates, Inc.
Family Health International

The PROFIT (Promoting Financial Investments and Transfers) Project seeks to mobilize the resources of the commercial sector to expand and improve the delivery of family planning services in selected developing countries. The PROFIT Project is a consortium of five firms, led by the international management consulting firm of Deloitte Touche Tohmatsu and including the Boston University Center for International Health, Multinational Strategies, Inc., Development Associates, Inc., and Family Health International.

This report is part of a series of PROFIT Publications, which address various topics related to PROFIT's work in three strategic areas: innovative investments, private health care providers, and employer-provided services.

This research is supported by the Office of Population in the Center for Population, Health and Nutrition (G/PHN/POP) of the U.S. Agency for International Development (USAID), cooperative agreement number DPE-3056-C-00-1040-00.

Contents

EXECUTIVE SUMMARY

In April 1995, the PROFIT project established a $1 million Revolving Loan Fund for Indonesian midwives to encourage them to work in private practice. The fund provides loans to midwives to help them establish new or expand existing private practices that provide family planning and reproductive health services.

PROFIT's partners in this subproject were the Indonesian Midwives Association (IBI), Bank Rakyat Indonesia (BRI), and the National Family Planning Coordination Board (BKKBN). IBI identified borrowers and assisted them through the loan application process. BRI, the largest micro-lending institution in Indonesia, administered the fund and provided half the capital ($500,000). BKKBN played a key role in promoting the Loan Fund program, but IBI and BRI were responsible for the daily operations.

By July 1997, after two years of operations, the Loan Fund had disbursed loans to 538 midwives. Because there continues to be strong demand for loans, and a high level of enthusiasm from the partners, PROFIT and USAID granted the funds to a local foundation, Yayasan Bhakti Kencana (YBK), so that the Loan Fund can continue to operate after PROFIT ends in September 1997. YBK, together with BKKBN and IBI, will jointly manage the Loan Fund after PROFIT's departure. BRI will continue to administer the Loan Fund and will maintain its capital commitment.

Based on research conducted by PROFIT, as well as its two years of experience, this paper presents PROFIT's recommendations for the ongoing management of the Loan Fund, as well as broader lessons learned that might be applicable to implementation of a similar loan fund.

PROFIT has five recommendations for ongoing management:

1. **Determine the balance between sustainability and social goals.** The Loan Fund has shown itself to be a viable mechanism for achieving both sustainability and social goals, however the balance between these two goals was an issue behind many of the design decisions. There are tradeoffs between the two goals, and the balance that was appropriate for PROFIT may or may not be appropriate for ongoing management.

2. **Articulate a narrower and more clearly defined set of social objectives to increase impact on key objectives.** Overall, PROFIT's experience has shown that supporting private practice midwives through credit facilities can contribute to a broad array of objectives. At the same time, having such a broad array of objectives results in only modest accomplishments for each. PROFIT also found that the definition of certain objectives was unclear in the Indonesian context.

3. **Identify a person to take over the critical coordination function performed by PROFIT.** Although PROFIT's management responsibilities will be taken over by the implementing partners, there is a need for a coordinator, an individual, who will take overall responsibility for the project. It is important that this coordinator act as a neutral party, so it would be better if he or she were not affiliated with IBI or BRI. The coordinator's responsibilities should include: 1)ensuring all partners perform as agreed upon; and, 2)leading discussions regarding operational issues, as well as the Loan Fund policies, such as its objectives or geographical coverage.

4. **Institutionalize decentralized management capability.** PROFIT recommends that the partners encourage and institutionalize project management activities at the branch level. One way to institutionalize management and coordination is to establish a committee at each of the branches with representatives from all partners, which would meet regularly to review operational issues. The partners at the central level should develop structured guidelines regarding the decision-making authority at the branch level.

5. **Undertake a decision regarding expansion strategy.** All the partners have committed to identifying new sources of funding with which to expand this project. It is important that the advantages and disadvantages of different expansion strategies be fully reviewed, to formulate a strategy that meets the needs and objectives of all partners.

In addition to specific recommendations to ongoing management, PROFIT has also learned broad lessons that might be applicable to similar lending projects with social objectives:

- There is often a tradeoff between sustainability and social goals.
- Setting clear and limited social objectives will result in more significant impact.
- A realistic timeframe and appropriate tools are required to measure results.
- It is important to have committed partners with a full range of skills and interests.
- A strong and neutral central coordinator is essential.
- Communicating consistent information to all levels of partner organizations can prevent implementation problems.

INTRODUCTION

1.0

The PROFIT Project was funded by the U.S. Agency for International Development's Office of Population (USAID/G/PHN/POP). The project was designed to mobilize resources of the commercial sector to pursue family planning objectives. As part of this mission, in Indonesia, PROFIT established a Revolving Loan Fund for Midwives.

The Revolving Loan Fund was designed to support the Government of Indonesia's (GOI) and USAID's objectives of increasing the private sector's provision of family planning services. The GOI set a population policy goal to increase utilization of private sector providers from 22% to 50% by the year 2005. USAID/Jakarta's objectives were to improve the "sustainability and impact of family planning services through commercial and non-governmental sectors."

In line with these objectives, in April 1995, the PROFIT Project established a $1 million Revolving Loan Fund for Indonesian midwives to encourage them to work in private practices. The Loan Fund provides loans to midwives to help them establish new or expand existing private practices that provide family planning and reproductive health services.

PROFIT's partners in this project were the Indonesian Midwives Association (IBI), Bank Rakyat Indonesia (BRI), and the National Family Planning Coordination Board (BKKBN). IBI identified borrowers and assisted them through the loan application process. BRI, the largest micro-lending institution in Indonesia, administered the fund and provided half the capital ($500,000). BKKBN played a key role in promoting the Loan Fund program, but IBI and BRI were responsible for the daily operations.

By July 1997, after two years of operations, the fund had disbursed loans to 538 midwives. Because there continues to be strong demand for loans, and a high level of enthusiasm from the partners, PROFIT and USAID granted the funds to a local foundation, Yayasan Bhakti Kencana (YBK), so that the loan fund can continue to operate after PROFIT ends. YBK, together with BKKBN and IBI, will jointly manage the Loan Fund after PROFIT's departure. BRI will continue to administer the Loan Fund and will maintain its capital commitment.

PROFIT conducted quantitative and qualitative research after about 18 months of operations to measure the impact of the loan fund on midwives' practices. The findings of this research, which included a survey of borrowers and focus group discussions, are available in two separate reports. In addition to this research, PROFIT has gained significant experience over the first two years of operations. This paper presents PROFIT's recommendations for the ongoing management of the loan fund, as well as broader lessons that may be applicable to the implementation of a similar project.

1. Determine the balance between sustainability and social goals.

The Loan Fund has shown itself to be a viable mechanism for achieving both sustainability and social goals, however the balance between these two goals was an issue behind many of the design decisions. There are tradeoffs between the two goals, and the balance that was appropriate for PROFIT may or may not be appropriate for ongoing management.

PROFIT defined four key objectives as achieving its social goal:

- assisting midwives to establish or expand private practices
- assisting village midwives to establish private practices
- shifting family planning clients from the public sector to the private sector
- increasing the number of new family planning acceptors

Achieving sustainability was defined as ensuring that the Loan Fund is able to operate over the long term, that capital is preserved, and that loan repayments will be continuously available to make further loans.

The current loan terms allow the Loan Fund to meet the most basic definition of sustainability — preserving the loan corpus. This project has had a very successful record of loan repayments, with nearly no late- or non-payments. A high repayment rate means that repaid funds can be re-lent to other midwives, allowing this project to be sustainable over the long-term.

The design of the Loan Fund could be changed to enhance sustainability, but such changes would affect the social outcomes. One way to enhance the sustainability of this project would be to raise the interest rate charged on loans. The interest rate currently charged was set with a goal of making the loans accessible and affordable — it is below the commercial rate and does not generate any earnings on the funds for PROFIT. The interest rate could be increased to generate income to fund the project's direct operational costs, such as communications or transportation, which have so far been borne by the implementing partners. Setting a higher interest rate, however, might make the loan unaffordable for some groups of midwives. Also, there is evidence that midwives may not borrow at significantly higher interest rates.

Another way to enhance sustainability of the Loan Fund would be to exclude the riskier borrowers, ensuring a higher repayment rate. However, it is often the riskier groups of borrowers that have more significant social impact. The riskier borrowers include:

- Midwives with no Private Practices. It would appear that establishment of a new private practice is riskier than expanding an existing one, and excluding this group might ensure repayment. There is no conclusive evidence, however, that midwives who do not have existing private practices are riskier borrowers. Because most midwives in Indonesia provide some level of informal services on a private basis, a midwife does have an idea of her estimated income from private practice even if she does not have a dedicated examination area, or formal office hours. Nonetheless, her income from private practice is likely lower than that of an established midwife.
- Village Midwives. At the time of this project's design, the Government of Indonesia (GOI) was nearing the end of its program to train approximately 60,000 *bidan di desa*, or village midwives. The village midwives were trained in a one-year crash training program, and dispatched to villages throughout the country. The village midwives were intended to become self-sustainable, and so were given three year contracts in government service, with the hope that they would create sustainable private practices by the end of the three-year period. Village midwives generally have less experience with private practices, so it was anticipated that this Loan Fund could provide capital for the village midwives to start private practices.

  On the surface, a village midwife appears to be a riskier borrower. Village midwives are generally young, in their early twenties, some having undergone their midwifery training right after nursing school. Some of them are in remote villages, with little or no exposure to regular on-the-job training from more experienced midwives or doctors. Many of the remote villages may not have a sufficient middle income population to support a fully private practice midwife. They tend to have fewer assets because they are young, and to generate less private practice income because they are in less developed areas.

  Because village midwives were assumed to be riskier borrowers, IBI had a strong bias toward selecting established borrowers in order to ensure repayment and prove the creditworthiness of midwives. Most of the borrowers have been established midwives, with an average of 21 years experience. The experience to-date does not conclusively support or refute IBI's assumption. There is no evidence that village midwives are more likely to default on the loan. The only two cases of late- or non-payment involved established midwives, and were the result of special situations that cannot be generalized statistically. While the high repayment rate may be credited to IBI's borrower selection process as well as BRI's high lending standards, IBI's selectiveness may have limited the number of borrowers who are village midwives.

The relative importance of ensuring long term sustainability should be weighed against the objective of assisting the neediest midwives, the village midwives. The village midwives may not be able to afford higher interest rates and they may experience higher non-payment rates. If either of these assumptions are true, the sustainability of the loan fund would be affected. A policy choice must be made according to which is a higher priority for the implementing organizations.

Midwives in Remote Areas. There is also a tradeoff between increasing family planning acceptors and maintaining sustainability. Family planning acceptance in Indonesia is already quite high, and room for increase is most relevant in lower income, more remote areas. While even established midwives in urban areas contribute to family planning acceptance by seeing new acceptors, achieving measurable impact on a national basis requires targeting midwives in remote areas. If increasing family planning acceptance was a priority goal, there may be significant impact on the sustainability of the Loan Fund. The group of borrowers who would be targeted would be the most risky borrowers — midwives in remote, low income areas, with limited private practice experience.

Supporting midwives in remote and low income areas to establish private practices may produce the most significant results in terms of expanding private provision of family planning services, but at the same time it may affect loan repayment rates. Given BRI's high credit standards, successful lending experience, and their role in ultimately approving loans, one would not expect a non-payment problem that could jeopardize the project. Nonetheless, it is important to recognize that there is a tradeoff between assisting the neediest midwives to achieve social impact, and ensuring the long term sustainability of the Loan Fund.

2. Articulate a narrower and more clearly defined set of social objectives to increase impact on key objectives.

Overall, PROFIT's experience has shown that supporting private practice midwives through credit facilities can contribute to a broad array of objectives. At the same time, having such a broad array of objectives results in only modest accomplishments for each. PROFIT also found that the definition of certain objectives was unclear in the Indonesian context.

PROFIT found that the social objectives it set for this project can be inconsistent with one another. PROFIT's research and experience revealed that the selection of midwives is a significant factor in determining the project results. It is important to have a clear set of complementary objectives, and to identify the appropriate target group of midwives. PROFIT was able to show results for all its objectives because loans were made to all different types of midwives — midwives with many years of practice, midwives with no private practice, village midwives, etc. However, focus on a more limited set of objectives and the appropriate target borrower will likely produce a greater impact on each objective.

Based solely a survey of the borrowers, Table I presents conclusions about the type of borrower that should be targeted in order to achieve a given objective. There are two objectives for which there was no conclusive ideal midwife profile.

Table 1
Relationship Between Objectives and Types of Borrowers

Objective	Borrower Profile
Social Objectives:	
Establish private practice	Midwife with no private practice, likely village midwife
Expand private practices	Inconclusive
Increase family planning acceptors	Established midwife
Shift clients from public to private sector	Village midwife
Assist village midwives	Village midwife
Sustain program with repayments	Inconclusive

While the total long term impact on each objective is not yet conclusive, PROFIT's research shows a link between the type of midwife borrower and results in shifting clients from the public to private sector or increasing new family planning acceptors. The research reveals that established midwives served the largest number of new family planning acceptors, likely as a consequence of being the group with the largest private practices in densely populated areas. On the other hand, village midwives saw more clients who previously used public sector services, perhaps as a result of practicing in areas not previously served by private midwives. To maximize results, it would be best to focus on only one of these objectives within a program.

PROFIT also found that the definition of "private practice" and the "establishment" of a private practice is unclear in the Indonesian environment. Most midwives see patients outside of their government work hours, generally in their home, even if they do not have a dedicated examination area. Some midwives considered this informal practice a private practice, while others did not. Many midwives used the loan for renovating space — some midwives renovated space to set aside a new area for their practice, while others renovated their existing practice area. It is unclear whether those midwives who set aside a new area for their practice considered it establishing a new practice, since they had previously seen patients in their home. For this reason, it would be helpful to define a "private practice" or the "establishment" of a private practice more clearly.

In order to show substantive results, the number of objectives must be limited and complementary. All objectives also need to be defined clearly for officials at all levels of the partner organizations, so they can identify the appropriate target group of midwives, and properly guide borrowers in providing data used in project evaluation.

3. Identify a person to take over the critical coordination function performed by PROFIT.

Although PROFIT's management responsibilities will be taken over by the implementing partners, there is a need for a coordinator, an individual, who will take overall responsibility for the project. It is important that this coordinator act as a neutral party, so it would be better if he or she were not affiliated with IBI or BRI. The coordinator's responsibilities should include: 1)ensuring all partners perform as agreed upon; and, 2)leading discussions regarding operational issues, as well as the Loan Fund policies, such as its objectives or geographical coverage.

PROFIT was very fortunate to work with three partners, BKKBN, IBI, and BRI, each of whom was a leader in its field, or the only organization of its type. The involvement of these partners provided the project with instant credibility among the midwives. Each of the partners brought a unique set of skills to the project. The support of BKKBN was very important in paving the way for PROFIT. IBI was critical as it had direct contact with the midwives, and midwives respect and trust the organization and its leaders. Lastly, BRI provided much needed commercial lending experience, making this project sustainable, as well as a developed branch network critical to the efficient administration of the loans over a wide geographical area.

The local levels of IBI and BRI were completely responsible for all processing and administration of the loans. IBI officials at the local level, together with PROFIT, promote the availability of the loan fund to midwives. Local IBI officials also play a role in selecting borrowers, and assisting the midwives to prepare their loan applications. The loan applications are then submitted to the local BRI branch for processing and approval. It is the local levels of IBI and BRI that conduct the daily project operations. As important as the local partners, PROFIT played a critical role in coordination of the project.

The involvement of three very different partners made decision-making more time-consuming than if there were only one or two implementing partners. In PROFIT's experience, the additional time required was well spent to achieve a balanced and sustainable project. Because all the partners were committed to working together toward the success this project, their differing interests never led to serious conflicts. In fact, the working relationships have strengthened as each partner developed greater respect for the roles of its counterparts.

The involvement of several different partners also meant that a central coordinator was required to facilitate coordination and communication — this role was filled by PROFIT. Supervision was needed to ensure all partners performed as agreed upon. PROFIT performed "spot-checks", in the form of field visits, to uncover any problems and to ensure smooth implementation. In addition, PROFIT provided direction, spearheading and guiding discussions on topics such as changes in loan terms, project locations, etc. The central coordinator plays a critical role in consolidating and disseminating information, providing project strategy on a national level, and facilitating problem-solving.

4. Institutionalize decentralized management capability.

The partners should encourage and institutionalize project management activities at the branch level. One way to institutionalize management and coordination is to establish a committee at each of the branches with representatives from all partners, which would meet regularly to review operational issues. The partners at the central level should develop structured guidelines regarding the decision-making authority at the branch level.

One of the biggest challenges faced in implementing this project was providing appropriate management and oversight, given the decentralized nature of the project. This project relied on leaders at the province and branch levels. Borrower selection and loan processing took place at the branch level, and it was at the branch level that operational problems arose. While the branch level of the partner organizations was instrumental in administering the Loan Fund, they were generally unable to manage problems. Implementation issues were only resolved with PROFIT intervention, as there was no procedure for coordination or problem-resolution among the parties at the local level.

Operational issues were generally brought to PROFIT's attention by local officials during field visits. To resolve problems, PROFIT first defined the problem and identified potential solutions. PROFIT then communicated the problem to the central level, and obtained agreement on an appropriate solution with the partners at the central level. Finally, it was up to the central level of the partner organizations to communicate any change or clarification of procedures back to the local levels of their organizations.

Although this approach provided control to the central level of the partner organizations, it was time-consuming and sometimes resulted in miscommunication. Information to clarify or change procedures was directed from the central level to the province level, and then from the province level to the branch level. These procedures often meant that it took weeks for information to reach the branches, and increased the potential for misinterpretation along the way. A more efficient alternative for resolving problems would be to give more autonomy to the local officials and to establish procedures for monitoring and problem-solving at the local levels.

Relying on the local partners to resolve issues could, however, lead to inconsistent practices among the provinces. For example, one branch may decide that midwives must turn over the deed to their house as collateral, while another branch may not impose this requirement. If the partners want this project to be equitable throughout all the branches, such inconsistencies might not be acceptable. It is important that the central levels of the partner organizations determine the level of uniformity they require, and communicate clear guidelines regarding the types of management decisions that can be undertaken at the branch level.

There are many issues to be weighed in developing a management structure for this type of project. Centralized management and decision-making is needed on some issues, such as selecting the project areas, or setting the maximum loan amount. On the other hand, de-centralized management may be more efficient in dealing with issues such as loan application procedures, or setting a guideline for loan approval time. It is up to the partner organizations to decide the level of decentralization that is appropriate for their own comfort level, bearing in mind that decentralized decision-making is sometimes more efficient.

Regardless of whether management control is to be centralized or de-centralized, there is a need for a central coordinator, an unbiased third party, who is not directly involved in loan processing. This project would benefit from greater capacity to institute management reviews on the branch level. A coordinator could organize regular meetings between all the partners at each branch to review operational issues, communicating major decisions and referring unresolved problems to the central level.

5. Undertake a decision regarding expansion strategy.

All the partners have committed to identifying new sources of funding with which to expand this project. It is important that the advantages and disadvantages of different expansion strategies be fully reviewed, to formulate a strategy that meets the needs and objectives of all partners.

The Loan Fund currently operates in 42 branches across five provinces. As a gauge of the coverage within each province, this project operates in approximately 30% of the branches in the three provinces of East, Central, and West Java, and nearly all the branches indicating interest in Bali and Jakarta. Plans to expand this project geographically should begin with a decision regarding whether to introduce this project in new provinces or to introduce it in additional branches within the existing five provinces.

There are advantages and disadvantages under both scenarios. If the Loan Fund is introduced in new provinces, there will be more flexibility to establish new loan terms. In various discussions with the implementing partners, they have expressed that it would not be equitable to offer different loan terms, such as a higher interest rate or longer repayment period, to different branches within the same province. The partners agree that any change to the loan terms should be consistent for all branches within a province. Working in new provinces with different loan terms or project design allows a comparison of how these differences affect the project results.

On the other hand, introducing the project in new provinces would be very resource intensive, as it would require training an entirely new set of provincial officials. Logistically, it would be much easier to continue to work with the same provincial officials, who are familiar with the project and the potential operational issues. Also, the overall operational costs of working in additional provinces would be more than the costs of working in only five provinces.

At an IBI Board meeting in September 1996, PROFIT conducted a survey of all the branch officials in East Java, Central Java, West Java, Bali, and DKI Jakarta, the provinces in which the Loan Fund is currently operating. Within the three provinces of Java, there were 39 additional IBI branches interested in this project. Those branch officials estimated that there were approximately 2,500 midwives within their branches that were interested in the loan. This finding may support limiting this project to only five provinces, as there seems to be enthusiasm from the IBI branch officials, and sufficient loan demand from the midwives.

The ultimate decision of how to expand this project depends on the desired outcomes. If there is a policy decision to reach more remote areas, or areas with lower family planning acceptance, then Java would not be the ideal location, despite a logistically easy expansion. But, Java provides a location where the provincial officials are knowledgeable and supportive of the program, where additional costs associated with expansion would be minimized, and where population densities and income levels are sufficient to support private practice midwives.

BROADER LESSONS LEARNED

3.0

In addition to specific recommendations for the ongoing management of the Loan Fund, PROFIT has also learned broad lessons that might to applicable to similar lending projects with social objectives.

1. There is often a tradeoff between sustainability and social goals.

The Loan Fund has shown itself to be a viable mechanism for achieving both sustainability and social goals, however, the balance between these two goals is an issue behind many of the design decisions. There is a tradeoff between these two goals, and additional emphasis on one goal may compromise the results in the other goal.

2. Setting clear and limited social objectives will result in more significant impact.

While this type of project is capable of achieving a number of objectives, it is important to define a limited and complementary set of objectives in order to achieve substantive results. In order to show substantive results, the number of objectives must be limited and complementary. All objectives should to be defined clearly for officials at all levels of the partner organizations, so they can identify the appropriate target group of midwives, and properly guide borrowers in providing data used in project evaluation.

3. A realistic timeframe and appropriate tools are required to measure results.

PROFIT's only indicators of project results were based on a survey of borrowers, and focus group discussions conducted approximately 18 months after the first loan disbursements. Most of the borrowers included in the research had the loans for 6-12 months. PROFIT's research showed that borrowers were contributing to the stated objectives, but it was unrealistic to expect substantive results in family planning acceptance, or shifts in client choice of provider in such a limited timeframe. Although the survey showed that each borrower saw an average of 207 new acceptors since receiving the loan, and that 12% of their new clients previously used public services, the potential impact of this project is still inconclusive. It would be more appropriate to compare changes after a longer time period, or to compare differences in project areas versus non-project areas.

PROFIT also found that the most important objective for the borrowers was the improvement of their services, with most loans used for purchasing better equipment, renovating facilities, or stocking additional types of medications or contraceptives. No indicator was established to measure achievements in this unstated objective, although it is a direct means toward expanding a practice or attracting clients from the public sector. Focus group research showed improvements in midwives' self-confidence and self-esteem, which would have affected their client service. Establishing a mechanism for capturing this type of significant intermediate result would be useful, particularly if the project will be evaluated after a short time.

4. It is important to have committed partners with a full range of skills and interests.

One of the most critical elements behind the success of this project was involving partners with very different skills and interests. No organization is better suited to promote the interest of financial sustainability than a commercial bank, just as no organization is more committed to the interests of midwives than a midwives association. A strong and influential government partner can help mobilize support for the project. Working with organizations that already have the necessary skills is more likely to produce successful results than attempting to develop skills or organizational interests, which are not in line with an organization's overall purpose. For example, training a midwives' association to conduct credit analysis and process loans is difficult, time-consuming, and risky.

Each of the partners in this project not only brought their unique skills, but also brought their own interest to the project, providing the project with much needed balance. IBI was most interested in supporting its members, the midwives. BRI was most concerned with good lending practices and ensuring that the loans are repaid. BKKBN's interest was in promoting private sector family planning, as well as supporting the village midwives to start private practices. These balancing interests among the partners were critical to the success of this project. Their differing interests ensured that the Loan Fund never lost sight of assisting midwives, or maximizing social impact, or maintaining financial viability.

5. A strong and neutral central coordinator is essential.

This project would not have been successful without a person who was committed to its success. While there were very capable people within the various partner organizations responsible for different tasks, it was critical that a single individual take responsibility for the overall project. The coordinator's responsibilities should include: 1)ensuring all partners perform as agreed upon; and, 2)leading discussions regarding operational issues, as well as the Loan Fund policies, such as its objectives or geographical coverage.

6. Communicating consistent information to all levels of partner organizations can prevent implementation problems.

PROFIT found that most implementation problems were due to miscommunication and inadequate information flow. PROFIT focused its communication efforts within IBI, conducting information sessions for its members. IBI was the partner with the least structured communications and management procedures, since it relied solely on volunteers for management functions. PROFIT did not conduct information sessions with BRI branches, but relied instead on the headquarters office of BRI to disseminate information to its branch managers. When operational issues surfaced, it was discovered that the BRI branch managers had differing interpretations of the instructions they were given from the central office. There were also instances where the IBI branch chairperson had a different interpretation of certain requirements, than did the BRI branch manager. This situation caused frustration for borrowers caught in the middle.

It would be helpful to conduct informational sessions at the branch levels involving all the partner organizations. This way, all the partners would receive the same message, and any questions could be clarified at the informational session for the benefit of all partners.